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The Fifth Estate

RADIO TELEVISION CABLE SATELLITE

Broadcasting Jun 5

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Broadcasting Jun 5

Vol. 116 No. 23

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Europe, Japan and the Pacific, following its domestic start on April 17.

New European transfrontier broadcast law has been essentially completed following Council of Europe's formal adoption of new broadcasting convention and near agreement by European Commission on separate but similar plan. New regulations would harmonize diverging national regulations and establish framework under which emerging transborder satellite TV services could service European market's 320 million viewers. In apparent win for U.S. program exporters, only minimal quotas against non-European shows are proposed. Ads can fill up to 20% of any hour or 15% of daily schedule, and limitations are placed on tobacco products, pharmaceuticals and alcohol.

Phone company US West has made unsolicited bid for Hong Kong cable system franchise with potential for 1.5 million TV and telephone service customers. Several North American companies, Paramount Viacom, AT&T and Rogers Cablevision of Canada, are also advising two of four bidding groups.

Mergers and Acquisitions

■ Time Inc. and Warner Communications Inc. announced definitive agreement to merge, creating Time Warner Inc. New company would have pro forma revenue of $10 billion in 1989 if merger were completed, making it largest media and entertainment company in world. According to agreement announced March 4, Warner shareholders will exchange each share of Warner stock for .465 of one share of Time stock. Warner shareholders will end up holding majority of Time Warner. Justice Department said April 6 that would not oppose merger on antitrust grounds. To preserve tax benefits of merger set-up, companies amended their agreement in mid-April; preliminary stock swap preceding merger completion will take place only if third party buys or makes offer for certain amount of stock of either company. Warner reached settlement of shareholder agreement dispute with Chris-Craft Industries, its largest stockholder. FCC gave approval to merger in late May. Shareholder meetings to vote on merger are scheduled for June 23. Merger requires approvals from FCC and municipal governments regarding change in ownership of companies' cable systems. Time and Warner hope to complete merger this fall.

WPP Group, owner of J. Walter Thompson, launched $54 per share tender offer May 18 for Ogilvy Group advertising company. Implied valuation of Ogilvy is $864 million. WPP had made unsolicited proposal to take over Ogilvy in late April, at price of $45 dollars per share.

MSO's United Cable Television Corp. and United Artists Communications Inc. merged May 25, following shareholder approvals earlier that day. TCI, which owned about 41% of United Cable and 66% of United Artists, owns majority of newly formed United Artists Entertainment. New company's stock began trading May 26.

Centel Cable Television Co. reached agreements in March to sell its 575,000-subscriber cable systems for a total of more than $1.4 billion. Systems covering five states were split into six packages and sold to American Television & Communications, C TEC Corp., Jones Intercable, Warner Cable, Adelphia Communications and Simmons Communications. Centel Corp., 82.4% shareholder of Centel Cable, said it expects net after-tax gain of $448 million; remaining shareholders in Centel Cable will receive $45.625 per share.

Syndex

FCC put off effective date of its new syndex rules from Aug. 18, 1988 to Jan. 1, 1990, but it otherwise kept rules much as they were when adopted last year. Rules empower broadcasters to enforce exclusivity of programs against cable systems that import duplicative programming of distant broadcast signals.

Real delay in implementation of rules may come as result of court appeals likely to be made by cable operators and satellite carriers who distribute distant signals threatened by syndex. If court stays rules pending resolution of appeals, implementation of rules may be delayed two or three years. If court finds fault with them, they may never go into effect.

United Video, owner of superstations WGN Chicago and WWOR New York and Pan-Dallas Texas Cable Television Associates for United Cable Television and Century Communications have challenged rules in U.S. Court of Appeals. Turner Broadcasting System withdrew appeal.

TV Marti

Backers of Radio Marti, which broadcasts news, information and entertainment to Cuba, are lobbying Congress to establish affiliated television service. Congress last year appropriated $7.9 million in start-up funds for proposed service, and in April House approved legislation authorizing $16 million for operating funds in each of next two years. However, funds could not be appropriated unless President certifies to Congress that test of project, and one is planned for later this year, has demonstrated its feasibility.

Cuba's vice president has reportedly issued warning that Cuba will take all appropriate measures against TV Marti.

BY THE NUMBERS

Summary of broadcasting and cable

BROADCASTING			
SERVICE	ON AIR	CP's [1]	TOTAL *
Commercial AM	4,950	262	5,212
Commercial FM	4,192	709	4,901
Educational FM	1,390	258	1,648
■ Total Radio	**10,532**	**1,229**	**11,761**
FM translators	1,722	360	2,082
Commercial VHF TV	547	25	572
Commercial UHF TV	523	218	741
Educational VHF TV	121	6	127
Educational UHF TV	218	27	245
■ Total TV	**1,409**	**276**	**1,685**
VHF LPTV	300	205	505
UHF LPTV	324	1,508	1,832
■ Total LPTV	**624**	**1,713**	**2,337**
VHF translators	2,722	121	2,843
UHF translators	2,133	443	2,576

CABLE†	
Total subscribers	49,538,000
Homes passed	73,900,000
Total systems	8,000
Household penetration†	54.8%
Pay cable penetration	32%

* Includes off-air licenses. † Penetration percentages are of TV household universe of 90.4 million. [1] Construction permit. [2] Instructional TV fixed service. [3] Studio-transmitter link.

Hyatt Regency/San Francisco Airport. Burlingame, Calif.

■ **June 14**—Advertising/media outlook seminar sponsored by *Interpublic Group of Companies*. Featured speaker: Robert Coen, senior VP, McCann-Erickson USA. Princeton Club, New York. Information: William Keating, (212) 399-8078.

June 14-16—*University of Missouri School of Journalism* management seminar for broadcast news directors. UM campus, Columbia, Mo. Information: Charles Warner, (314) 882-6883.

June 14-16—International Radio Festival of New York and International Advertising Festival, featuring awards banquet. Sheraton Center, New York. Information: (914) 238-4481, fax: (914) 238-5040.

June 15—Corporate communications workshop, hosted by *Association of National Advertisers*. Plaza hotel, New York. Information: (202) 659-3711.

June 15—*USA Network* local ad sales seminar. Radisson Plaza hotel, Manhattan Beach, Calif. Information: (213) 277-0199.

June 15—*Women in Cable, New York chapter*, party for new members. Extra, Extra, 41st & 2nd, New York. Information: Audrey Fontaine, (212) 557-6524.

■ **June 15**—*Philadelphia Ad Club* awards gala. Hotel Atop the Bellevue, Philadelphia. Information: (215) 874-8990.

June 15-18—"The Use of Microcomputers in Station Management," *NATPE* management seminar. Princess Resort on Mission Bay, San Diego. Information: (215) 664-4400.

June 15-18—*Investigative Reporters and Editors* national conference. Speakers include NBC News President Michael Gartner. Wyndham Franklin Plaza, Philadelphia. Information: (314) 882-2042.

June 15-18—*Society of Cable Television Engineers* Cable-Tec Expo. Orlando, Fla. Information: (215) 363-6888.

June 17-19—*Alabama Broadcasters Association* spring/summer convention. Lake Guntersville lodge and convention center, Guntersville, Ala. Information: (205) 942-4571.

June 17-22—16th International Television Symposium. Montreux, Switzerland. Information, in Montreux: (41) (21) 963-32-20.

June 17-23—*National Association of Broadcasters* executive management development seminar for radio executives. University of Notre Dame, South Bend, Ind. Information: (202) 429-5420.

June 18-21—*National Broadcast Editorial Association* convention. Keynote speaker: Daniel Schorr. Mayflower hotel, Washington.

June 19-21—*Videotex Industry Association* fourth annual conference. Fairmont hotel, San Francisco. Information: (703) 522-0884.

June 19-23—*Gannett Center for Media Studies* Leadership Institute. Columbia University, New York. Information: Shirley Gazsi, (212) 280-8392.

June 20-23—*National Association of Broadcasters* summer board meeting. Washington.

June 21—*Radio Advertising Bureau's* 22nd annual radio workshop. Waldorf Astoria, New York. Information: Anne Bendalin, (212) 254-4800.

June 21—*Federal Communications Bar Association* monthly luncheon. Speaker: Ralph Oman, Register of Copyrights, Library of Congress. Marriott hotel, Washington.

June 21—*Society of Broadcast Engineers, chapter 15 of New York*, discussion of transmission techniques. WQXR-AM-FM, New York Times building, ninth floor, New York. Information: (212) 752-3322.

June 21-24—*Broadcast Promotion and Marketing Executives & Broadcast Designers Association* 33rd annual seminar. Cobo Center, Detroit. Information: (213) 465-3777.

June 22-25—*Maryland/District of Columbia/Delaware Broadcasters Association* convention. Hyatt Regency, Baltimore.

June 22-24—*Cabletelevision Advertising Bureau* sales management school. University Place Executive Conference Center, Indiana-Purdue University, Indianapolis. Information: (212) 751-7770.

June 23-25—"Focus on Use of Microcomputers in Programing," management seminar sponsored by *NATPE Educational Foundation* and *San Diego State University*. Princess Resort hotel, San Diego. Information: Sarah Key, (213) 282-8801.

■ **June 24**—Presentation of non-televised portion of 16th annual Daytime Emmy Awards, primarily for creative arts categories, sponsored by *National Academy of Television Arts and Sciences* and *Academy of Television Arts and Sciences*. Registry hotel, Los Angeles.

■ **June 27-28**—*Cabletelevision Advertising Bureau* sales orientation seminar. Los Angeles. Information: (212) 751-7770.

■ **June 27-30**—*Cable Television Administration and Marketing Society* sales management master course. St. Louis. Information: (703) 549-4200.

June 28—*National Academy of Television Arts and Sciences, New York chapter*, drop-in luncheon. Speaker: Marty Ryan, executive producer, NBC's *Today* show. Copacabana, New York.

June 29—Telecast on NBC-TV of 16th annual Daytime Emmy Awards, co-sponsored by *National Academy of Television Arts and Sciences* and *Academy of Television Arts and Sciences*. Grand ballroom, Waldorf-Astoria, New York. Information: Trudy Wilson, (212) 586-8424.

June 30—Deadline for entries for Ollie Awards of *American Children's Television Festival*. Information: (312) 390-8700.

July

July 5-8—*Montana Cable Television Association* 30th annual meeting and convention. Grouse Mountain Lodge, Whitefish, Mont. Information: (406) 586-1837.

July 9-11—*Iowa Broadcasters Association* summer convention. Dubuque, Iowa.

July 9-12—*New York State Broadcasters Association* 28th executive conference. Gideon Putnam/Ramada Renaissance, Saratoga Springs, N.Y. Information: (518) 434-6100.

July 10-12—"Building the Winning Team," workshop for major market stations on setting, managing and reaching audience goal; sponsored by *National Public Radio* and *National Federation of Community Broadcasters* with funding from *Corporation for Public Broadcasting*, San Diego. Information: (202) 822-2000.

July 11—*Fox* press tour, during annual *Television Critics Association* press tours. Los Angeles.

■ **July 11-14**—*Cable Television Administration and Marketing Society* sales management master course. Minnetonka, Minn. Information: (703) 549-4200.

July 12—*Caucus for Producers, Writers and Directors* general membership meeting. Speaker: Michael King, president-chief operating officer, King World. Los Angeles. Information: (213) 652-0222.

July 12-14—Cable press tour, during *Television Critics Association* annual press tours. Los Angeles. Information: (202) 775-3629.

July 12-16—*National Federation of Local Cable Programers* annual conference. Fairmont hotel, Dallas. Information: (202) 829-7186.

The Fifth Estate

Broadcasting

incorporating

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The Fifth Estate

Featuring the Top 100 Companies in Electronic Communications

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Concentrating on concentration

Radio, TV and cable participants, observers and academics are all studying allegations and questions over who controls mass communications media

The possibility that Congress will take a stand on vertical integration in the cable industry was fuel for discussion at the National Cable Television Association convention in Dallas. Academics are attempting to find the extent and effect of ownership concentration in the media. But the communications subcommittee of the Senate Commerce Committee's hearings later this month on media ownership concentration and diversity may have repercussions that are more than academic in the electronic communications industry.

Viacom's suit filed earlier this month against Time Inc. and its subsidiaries may also put vertical integration on trial, despite Viacom's insistence that the company is attacking unlawful behavior of a vertically integrated company, not the vertical integration itself.

Anecdotal evidence of increasing ownership concentration in the Fifth Estate seems to arrive week by week. Two weeks ago, United Artists Communications and United Cable Television merged to become United Artists Entertainment (UAE), creating the third-largest MSO in the United States. UAE majority holder Tele-Communications Inc. last week announced an agreement in principle to buy the shares it does not own of WestMarc Communications. Gulf+Western, which effective today (June 5) has changed its name to Paramount Communications Inc., is selling its finance business to focus growth on its already-substantial entertainment and publishing operation. And if Time Inc. and Warner Communications have their way, they will merge to become Time Warner Inc., the largest media and entertainment company in the world.

This talk and activity raises several questions: Is ownership concentration in the Fifth Estate increasing appreciably? How does one measure the concentration? Is concentration, both vertical and horizontal, increasing to the level that it is harming the relevant markets? From an economic viewpoint and from a public policy viewpoint, is anything at risk?

Certain studies do attempt to go beyond the surface conclusion that media concentration, both horizontal and vertical, is increasing. One recent study of business concentration in specific market sectors in the Fifth Estate indicates that concentration among cable operators increased over the 10 years from 1977 to 1987, while television broadcasting concentration decreased slightly over the same period. David Waterman, a professor at the Annenberg School of Communications at the University of Southern California, compared market concentration in 1977 and 1987 through study of the average weekly shares of every station in the country. Using the Justice Department's current guidelines for studying industry concentration, the Herfindahl-Hirschman Index (HHI), Waterman found that the HHI among broadcast television groups declined slightly from 154 in 1977 to 141 in 1987, indicating lower ownership concentration (see chart). (The HHI is obtained by squaring the market shares of every company in a horizontal market. Under usual guidelines, a market with an HHI below 1,000 is unconcentrated; between 1,000 and 1,800 it is moderately concentrated, and above 1,800 is highly concentrated. A market monopolized by one company would have an HHI of 10,000.)

Using another common guideline for judging concentration in a market—the market share of the largest four companies in a market—Waterman came to a similar conclusion. In 1977, according to his study, the market share of the top four firms was 20.8%. In 1987, the top-four share of over-the-air television viewing was 19%. Although Waterman said that the ideal way to measure market share and concentration would be through advertising revenues, he said there was undoubtedly a high correlation between viewing audiences and revenue. This view is somewhat bolstered by a calculation of advertising revenue concentration in 1987 using data compiled by John Kornreich of Sandler Capital Management and the Television Bureau of Advertising. Although in such a calculation, the top four station groups are different from those in Waterman's study, their collective revenue share is approximately 17%.

In Waterman's study of cable groups, the results indicate increasing concentration. In 1977, the four-firm concentration ratio was 23.7, and the HHI was 204. In 1987, the four-firm percentage of market share was 30.5, and the HHI was 392.

Though the HHI and the four-firm index are used to judge the effects of mergers on industry concentration, Waterman cautioned against using his figures to judge whether a market was getting too concentrated or not. "Whether or not the market shares of the top companies are too large or too small is a very complicated question that is well beyond the scope of this work," he said. Waterman pointed out that while a cable operator might have a small national market share appearing to give it little market power, the system could have a nearly 100% market share and a great deal of market power in the local market.

In a 1988 study of the concentration of ownership in the cable industry, Barry Litman, a professor of telecommunication at Michigan State University, and Sylvia Chan Olmsted, a doctoral student in the school's mass media program, traced the concentration of ownership among cable MSO's from 1969 to the spring of

TV group concentration—1977 vs. 1987

1977		1987	
Rank Firm	*Share of total nat'l broadcast weekly circulation*	*Rank Firm*	*Share of total nat'l broadcast weekly circulation*
1. CBS	5.6%	**1. Tribune**	5.4%
2. ABC	5.4	**2. Capital Cities/ABC**	5.0
3. NBC	5.3	**3. GE/NBC**	4.7
4. Metromedia	4.5	**4. Fox Broadcasting**	3.9
5. RKO General	3.1	**5. CBS**	3.8
6. Westinghouse	3.0	**6. Group W**	2.3
7. Storer	2.2	**7. Cox Broadcasting**	2.2
8. Field Comm.	2.2	**8. Gannett**	1.9
9. Capital Cities	2.0	**9. Chris-Craft**	1.9
10. Cox Broadcasting	1.7	**10. SCI Holdings**	1.8

Source: David Waterman from various sources

1988. The authors found that the concentration ratios of leading operators had stayed "fairly stable." In 1973, the market share of the four leading companies totaled 27.2%, they found, compared to 27.6% in 1988. The share of the top 25 companies over the same time period had gone from 61.7% to 68%.

Concentration of cable programing ownership appears to be more concentrated. Adding together programer subscriber fee revenue for the top 20 basic cable channels, advertising revenue for those channels and programing revenue for six major leading pay channels gives one a total of roughly $3.03 billion, according to data collected by Paul Kagan Associates. Add in 1988 programing revenue for Cablevision Systems Corp., operator of a network of regional sports channels, and the revenue figure rises to $3.15 billion. Total 1988 cable programing revenue for four industry leaders—Cablevision, Time Inc., Viacom and Turner Broadcasting System—amounts to $2.43 billion, if one includes intracompany revenues and revenue from its superstation, WTBS(TV) Atlanta. This four-firm revenue figure amounts to 77% of that previously defined market.

By one set of statistics, the film production industry seems moderately concentrated, and has been so over the last 15 years. In 1988, the North American theatrical film rental market share of the top four distributors amounted to 58%, according to *Variety*. In 1973, the four-firm index was 56. The four-firm share fluctuated in the 50%-70% range in the years that the magazine has assembled those figures. In 1988, the industry's HHI was 1,192, by these figures; in 1973, the HHI was 1,124.

Radio seems to be an unconcentrated medium, at least at the broadcaster level. Concentration appears to be growing as a result of the 1984 changes raising the limit on station ownership from 7 AM's and 7 FM's to 12 each. The top 100 radio groups account for no more than 50% of industry revenues, according to Drew Marcus of Kidder, Peabody & Co. In a study he conducted a year ago, Marcus found that less than 5% of the stations in the U.S. belonged to groups of more than 14 stations. While consolidation has been occurring rapidly, Marcus said, there continues to be "tremendous fractionalization" among groups.

Though one can find a measure for ownership concentration in the lines of business listed above, it is more difficult, as Waterman indicated, to define a company's relevant marketplace—as is necessary in formulating antitrust and FCC policy. For example, if one were to study whether a merger of broadcasters would have an anti-competitive effect on its market, several possibilities arise. Is the market the national broadcast marketplace or the local marketplace? Does it include only over-the-air broadcasters or does it also include basic cable services? Does it include pay cable services?

Vertical integration seems harder to assess than horizontal concentration. One of the problems with measuring vertical integration is that people studying the media have traditionally focused on horizontal concentration rather than on recent activity in vertical integration, according to Graham Murdock, a research fellow at the Center of Mass Communication Research at Leicester University. "We have to catch up conceptually and methodologically with what's actually going on," Murdock said.

Most of media concentration studies have been done on small issues, agreed Robert Picard, editor of the *Journal of Media Economics* at Emerson College. "There's not a lot drawing it all together."

Techniques for measuring vertical integration are not as clear-cut as those measuring horizontal integration, but they do exist, Litman said. Vertical integration is better measured qualitatively rather than quantitatively, he said. To judge effect one has to judge intent, he said, and find out whether integration is increasing efficiency or is anti-competitive.

In an attempt to get some indication of ownership concentration among media and information conglomerates, Waterman studied the market shares of the top 10 conglomerates in 1977 and 1987. His data indicated, he said, that although the size of the industry leaders increased over the 10 years, their domestic market shares of retail media and information revenues appear to have declined. Because of overall media industry growth (which included print media in the study), Waterman said that in terms of overall market share of entertainment and information business, the share of Time Warner would be "barely larger" than CBS's share in 1977.

Although the companies he studied had the greatest amount of media ownership, they were not necessarily the most vertically integrated media companies, Waterman said. However, he added: "It's my impression, supported by research done so far, that vertical integration has been increasing."

Even if the share of the largest media companies is growing at a slower pace than the market, Murdock did not have an optimistic view of the future of smaller companies. "As you do get new forms of media activity opening up, you do provide spaces for smaller players to enter the marketplace," he said, but "this is a very brief historical phenomenon."

The charge commonly lodged against vertically integrated companies is that they use control over one market sector to favor their own goods or services in another market sector. Such is the situation with Time Inc. and ATC, according to allegations in Viacom's lawsuit: "To disadvantage pay services, which compete with defendant HBO, defendant ATC has refused access on its cable systems to competing pay services, notably Showtime and The Movie Channel, or has provided access only on a discriminatory basis."

Elsewhere in its complaint, Viacom states, "The markets for film production and distribution, pay television programming services and cable television distribution have experienced increasing vertical integration. When this integration has involved firms, such as defendants, with significant market power at more than one level of distribution, it has created stratified channels of distribution, foreclosing independent, non-integrated competitors from necessary inputs and outlets."

The classic, democratic view of the ideal communications system is that it carries diverse points of view and pictures many types

Cable concentration—1977 vs. 1987

1977			1987		
Rank Firm	*Subs (000)*	*Share of total subs*	*Rank Firm*	*Subs (000)*	*Share of total subs*
1. TelePrompter	1,073	9.0%	**1. TCI**	5,200	12.7%
2. ATC	625	5.3	**2. ATC**	3,695	9.0
3. TCI	561	4.7	**3. Continental**	2,169	5.3
4. Warner	560	4.7	**4. Storer**	1,453	3.5
5. Cox Cable	466	3.9	**5. Cox Cable**	1,438	3.5
6. Viacom	330	2.8	**6. Warner**	1,406	3.4
7. Sammons	300	2.5	**7. Comcast**	1,343	3.3
8. Comm. Prop.	290	2.5	**8. United Cable**	1,179	2.9
9. UA-Columbia	222	1.9	**9. Newhouse**	1,061	2.6
10. United Cable	197	1.7	**10. Viacom**	1,068	2.6

Source: David Waterman from various sources

of social life, Murdock said. However, the economic advantages of vertical integration limit diversity, he said. Companies operating in various media sectors want to exploit their resources to the maximum, he said. For example, if a company produces a feature film it can sell that film in movie theaters, videocassette, cable and satellite channels, generating a saleable musical soundtrack and "all kinds of spinoff products." He said, "It makes perfect economic sense to do that."

In such a system, the products that don't lend themselves to those synergies are disadvantaged, he said. As such a company runs more efficiently, Murdock said, "We come to a paradox: Although we have more distribution channels than ever before...what's filling those distribution channels up are versions of the same product."

Waterman, however, said the advantage of vertical integration for a company that does not have substantial market shares in horizontal markets is often overstated. "Even if you have substantial horizontal market shares, vertical integration doesn't necessarily translate into a strategic advantage. Without those market shares, it's hard to imagine that vertical integration would translate into substantial anti-competitive possibilities," he said.

One thing that seems certain is that the public discussion of the effects of ownership concentration will grow. Litman, who said he was scheduled to testify before the communications subcommittee next week, said he believed that the March congressional hearings on the Time-Warner merger hearings did not give sufficient attention to trends of increasing concentration. Michael Tracy, Director of the Center for Mass Media Research at the University of Colorado at Boulder agreed, calling current U.S. public debate about television "crude" and "minimalist." □

CEO's for a day

Most of a Wall Street analyst's work is to follow companies and make judgments on the attractiveness of their stock, based on such factors as financial performance, industry conditions and management strategies. For a change, BROADCASTING *asked some analysts to imagine themselves as the chief executive officer of one of the companies they watch and spell out what they would do with the company.*

Chris Dixon of Kidder Peabody & Co.: The primary focus of **King World Productions** is to act as an agent between advertising agencies, the production community and independent television stations, as well as producing their own shows. Clearly, we expect a restructured television market to provide unique opportunities for experienced cash-barter syndicators. Should the European television environment follow the growth patterns of the U.S. television environment, something which appears highly likely—due to the fact that pan-European advertising is appearing increasingly unlikely due to cultural barriers between countries—King World has a unique opportunity in the European marketplace to use its previous experience in the U.S. At the same time, *Wheel of Fortune*, *Jeopardy!* and *The Oprah Winfrey Show* are generating strong cash flow which can provide the basis, and some breathing room, to expand their unique syndication franchise.

In that context we would be aggressively looking to joint ventures with international television participants with the goal of becoming a dominant European television syndicator. Such a move would first act as a defensive way to protect King World's current market position in the U.S. (should increased competition develop for prime time access) and at the same time, allow the company to continue its exponential growth. In other words, it would be both a defensive and offensive strategy.

□

Raymond Katz of Mabon, Nugent & Co.: What I'd do at **CBS**, and what I think is being done by the company, is: I would put the resources of the company on the screen. CBS President and CEO Laurence Tisch is putting the money on the screen, into product.

I think some of the divestitures that Mr. Tisch did were good. Others I wouldn't have done. I would not put all my eggs in one basket, meaning broadcasting. I would cast a wider net, meaning greater involvement in production and distribution of copyrighted material for entertainment and information. CBS is restrained by the financial interest and syndication rules. Clearly, I would put effort into getting them repealed or, at least, getting them relaxed—which CBS is doing. But I would not stay involved purely in broadcasting. I would move into other media, including cable. I would not have sold the Records Group.

The future is going to be here and overseas, the production and distribution of copyrighted material into the home. I would not be a single channel in a multichannel environment. I would branch out into being a multichannel business in a multichannel environment.

□

Drew Marcus of Kidder, Peabody & Co.: As CEO of **Jacor Communications**, I would focus on increasing the asset value of the company through growing operating cash flow, improving the asset mix (through attractive acquisitions), or enhancing the capital structure.

Cash flow should grow if the company continues to concentrate on effective programing, promotions and sales practices. The company is currently involved in format changes at two stations, format attacks at two others and an AM signal upgrade in Atlanta.

To limit risk in the competitive radio business, diversification across formats, geographic regions and stage of development (mature cash cows, like Jacor's Cincinnati station, and rapid-growth turnaround stations, like Tampa and Denver) is key. Jacor fits these criteria well.

While continuing this diversification, I would focus future acquisitions on radio stations in the top 20 markets. I would not diversify into other businesses. Operating a radio station is extremely management-intensive, and radio-only groups tend to have the highest success rates.

To help fund its growth, Jacor gave away a lot of stock. I would try to buy some of the outstanding warrants and preferred stock. Thus, fully diluted shares outstanding would shrink, but the trading float would not be hurt. Repurchasing these instruments for less than my $14-to-$15 per-share asset value estimate would help Jacor's asset value.

□

Ken Goldman of Hanifen, Imhoff: I'm Stewart Blair, CEO of **United Artists Entertainment**. Being that UAE is a newly merged company, I would try to learn as much as I could about the new United Cable Television cable systems. I'd go out into the field, meet with field management, learn about what works and doesn't work and not isolate myself in the office suite in Denver. Especially in a newly merged situation such as UAE, learning how to meld the diverse operations together is of utmost importance. Now is the time to do so, rather than to focus on more acquisitions, in my opinion. I would want to at least have a basic working knowledge of the nuts and bolts out in the field. Once the process is completed, attention could then be refocused on growth through acquisition.

The Top 100

ECI Rank	Company	ECI Revenue (in millions)	ECI % of Total Rev	1988 Total Rev (in millions)	Rev Rank	% Change From '87	1988 Total Earnings (in millions)	% Change From '87	1984 ECI Rank
1	**Capital Cities/ABC**	$3,749.6	78.6	$4,773.5	(9)	7.5	$387.1	38.7	14
2	**General Electric**	3,638.0	7.3	50,089.0	(1)	4.0	3,386.0	16.2	48
3	**CBS**	2,777.7	100.0	2,777.7	(18)	0.57	1,149.9	154.1	2
4	**Time**	2,156.1	47.8	4,507.0	(10)	7.49	289.0	15.6	4
5	**Tele-Communications Inc.**	1,705.1	74.7	2,282.0	(22)	33.50	56.0	900	9
6	**Sony**	1,334.2	8.0	16,677.8	(3)	45.66	549.0	86.8	20
7	**Viacom**	1,258.5	100.0	1,258.5	(35)	24.5	-123.1	-0.3	19
8	**Gulf + Western**	1,167.6	22.9	5,107.8	(8)	8.7	384.7	8.0	22
9	**Warner Communications**	1,058.6	25.2	4,206.1	(12)	23.6	423.2	45.5	16
10	**General Instrument**	783.9	60.1	1,304.7	(33)	12.9	85.5	29.2	15
11	**Turner Broadcasting**	777.0	96.3	806.6	(42)	23.6	-94.5	27.9	30
12	**MCA**	770.6	25.5	3,023.7	(17)	16.8	164.9	20.2	11
13	**Home Shopping Network**	744.6	100.0	744.6	(45)	12.0	25.8	11.3	N/A
14	**Saatchi & Saatchi**	687.2	45.0	1,527.0	(28)	26.6	88.5	20.7	N/A
15	**Columbia Pictures Entertain.**	663.1	47.8	1,387.2	(30)	30.1	-84.7	-267.2	13
16	**Westinghouse**	632.5	5.1	12,499.5	(4)	10.4	822.8	-8.6	5
17	**Interpublic Group of Companies**	536.4	45.0	1,191.9	(38)	22.8	60.1	22.0	8
18	**Tribune**	505.7	21.7	2,334.8	(20)	8.6	210.4	48.7	17
19	**Cablevision Systems**	493.5	100.0	493.5	(51)	64.7	-159.4	-115.4	N/A
20	**News Corp.**	485.7	9.4	5,188.7	(7)	31.6	467.5	-28.6	N/A
21	**Disney**	405.0	10.8	3,747.2	(13)	31.2	569.9	25.2	79
22	**Comcast**	404.1	89.8	449.9	(53)	45.5	-47.6	-407.0	72
23	**Omnicom**	400.2	45.0	889.2	(40)	8.6	39.2	12.7	N/A
24	**Harris Corp.**	390.9	18.6	2,104.8	(23)	1.0	69.6	-44.2	10
25	**Gannett**	390.4	11.8	3,314.5	(16)	7.6	364.5	14.1	34
26	**Times Mirror**	381.6	11.5	3,332.6	(15)	6.1	331.9	24.5	57
27	**Scientific-Atlanta**	364.4	71.5	509.8	(50)	-0.8	31.8	12.0	29
28	**CVN Companies**	360.9	58.8	614.4	(46)	142.1	9.8	-15.9	N/A
29	**Lorimar Telepictures**	357.7	68.2	524.7	(48)	-22.6	-485.4	-412.8	N/A
30	**King World**	318.9	100.0	318.9	(63)	23.9	66.4	45.1	N/A
31	**Multimedia**	304.4	69.2	439.6	(54)	7.0	26.9	115.2	46
32	**Control Data Corp.**	302.2	8.3	3,628.3	(14)	7.8	1.7	-91.2	63
33	**United Cable TV**	296.0	100.0	296.0	(65)	17.8	-4.8	42.5	43
34	**Washington Post**	295.4	21.6	1,367.6	(31)	4.0	269.1	44.1	49
35	**Scripps Howard Broadcast.**	274.7	100.0	274.7	(67)	17.3	16.5	-27.6	55
36	**Rogers Communications**	263.3	90.4	291.2	(62)	31.0	68.9	441.1	23
37	**Tektronix**	257.6	18.0	1,431.0	(29)	3.0	-8.6	-133.4	27
38	**ITEL Corp.**	252.7	15.4	1,643.6	(27)	29.0	24.8	198.8	28
39	**Great American Commun.**	252.0	79.1	318.8	(64)	236.6	-72.4	-1369.9	N/A
40	**Maclean Hunter**	237.2	22.4	1,058.0	(34)	15.7	79.1	-28.1	37
41	**Chris-Craft**	230.6	91.9	250.8	(69)	3.9	21.4	103.2	54
42	**Dun & Bradstreet**	213.4	5.0	4,267.4	(11)	12.6	499.0	10.5	53
43	**3M Corp.**	211.6	2.0	10,581.0	(5)	12.2	1,154.0	25.7	21
44	**Media General**	198.6	26.3	755.7	(43)	5.7	8.8	-79.5	64
45	**Foote Cone & Belding**	196.7	51.0	386.0	(57)	12.3	13.7	-19.5	36
46	**Grey Advertising**	194.1	52.0	373.3	(59)	16.4	15.4	49.4	52
47	**Ogilvy Group**	184.4	22.0	838.1	(41)	13.5	33.0	10.7	18
48	**Century Communications**	175.1	100.0	175.1	(73)	15.7	-8.5	-35.7	N/A
49	**Adelphia Communications**	174.3	100.0	174.3	(74)	32.7	-117.1	-52.4	N/A
50	**QVC Network**	171.2	100.0	171.2	(75)	148.6	5.4	139.6	N/A

Notes: CBS earnings include $869.6 million net from sale of CBS Records to Sony. Sony figures are to March.

The Top 100

ECI Rank	Company	ECI Revenue (in millions)	ECI % of Total Rev	1988 Total Rev (in millions)	Rev Rank	% Change From '87	1988 Total Earnings (in millions)	% Change From '87	1988 ECI Rank
51	Eastman Kodak	170.3	1.0	17,034.0	(2)	28.0	1,327.0	6.6	25
52	A.H. Belo	165.5	42.9	385.4	(58)	1.0	60.2	54.6	47
53	Centel Cable Television Co.	153.7	100.0	153.7	(77)	16.1	4.5	188.5	N/A
54	TVX Broadcast	150.8	100.0	150.8	(79)	13.1	62.0	75.6	90
55	Varian Associates	143.2	12.0	1,193.0	(37)	15.6	54.7	143.2	52
56	LIN Broadcasting	137.2	60.8	225.5	(70)	8.1	82.1	6.1	42
57	Jefferson-Pilot	126.8	10.4	1,223.5	(36)	4.3	101.2	31.5	78
58	Meredith	120.5	16.2	746.0	(44)	18.9	31.8	44.1	60
59	Midwest Communications	114.5	100.0	114.5	(83)	20.5	865.0	39.9	N/A
60	Knight-Ridder	110.4	5.3	2,083.3	(24)	5.9	156.4	2.8	85
61	Westwood One	108.9	99.0	110.0	(84)	26.1	7.8	35.0	N/A
62	Zenith	107.4	4.0	2,685.7	(19)	13.7	111.9	64.6	98
63	Liberty Corp.	107.2	26.7	401.0	(55)	6.1	24.5	12.6	75
64	New World Entertainment	106.0	38.0	279.4	(66)	12.9	4.7	74.6	N/A
65	Ackerley Communications	104.6	68.2	153.5	(78)	13.5	3.5	75.0	N/A
66	Outlet Communications	104.3	100.0	104.3	(85)	23.1	-21.8	26.5	N/A
67	Pulitzer Publishing	103.8	26.5	391.0	(56)	6.4	19.6	47.1	N/A
68	Selkirk	103.4	100.0	103.4	(82)	14.0	5.4	73.2	96
69	Orion Pictures	101.1	22.3	454.2	(52)	11.8	10.1	29.5	68
70	Reeves Communications	97.9	100.0	97.9	(86)	34.3	2.4	41.5	74
71	McGraw-Hill	96.2	5.3	1,818.0	(25)	3.6	165.3	12.0	91
72	Motorola	82.5	1.0	8,250.0	(6)	22.6	448.0	44.6	23
73	Aaron Spelling Productions	76.1	100.0	76.1	(88)	49.2	2.9	43.6	N/A
74	Pathe Communications Corp.	74.2	20.0	371.1	(60)	12.3	21.4	121.8	N/A
75	Park Communications	73.1	48.9	149.6	(80)	7.8	6.3	11.5	99
76	New York Times Co.	70.9	4.2	1,700.0	(26)	3.5	167.1	4.6	93
77	Jacor	69.9	100.0	69.9	(89)	59.1	-6.2	86.2	N/A
78	Lee Enterprises	69.1	26.9	257.1	(68)	6.3	41.5	17.6	87
79	TCA Cable TV	68.9	100.0	68.9	(90)	14.1	9.6	88.8	N/A
80	Price Communications	67.0	73.3	91.3	(87)	-4.5	-12.5	1.6	N/A
81	Jones Intercable	64.8	100.0	64.8	(91)	65.3	15.9	144.4	N/A
82	Reuters	60.2	6.0	1,003.3	(39)	15.7	126.1	0.0	N/A
83	Communications Satellite	60.0	16.7	358.9	(61)	7.6	61.9	201.6	46
84	Financial News Network	58.16	100.0	58.16	(97)	36.1	4.7	9.1	N/A
85	American Family	54.5	2.3	2,324.6	(21)	23.9	108.3	6.5	41
86	Arvin Industries	52.5	4.0	1,313.3	(32)	0.5	3.5	92.5	92
87	A.M.E. Inc.	52.5	100.0	52.5	(92)	32.1	2.0	56.6	N/A
88	Burnup & Sims	47.9	25.4	188.4	(72)	7.8	9.4	45.0	81
89	Chyron	43.7	100.0	43.7	(95)	-4.5	-1.1	133.0	N/A
90	C-Cor	43.5	95.0	45.8	(94)	43.6	3.2	129.6	N/A
91	Fries Entertainment	43.3	100.0	43.3	(96)	24.9	2.9	21.0	N/A
92	BMA Corp.	41.4	8.1	510.6	(49)	12.1	22.1	66.7	N/A
93	Barris Industries	37.7	100.0	37.7	(98)	21.2	2.6	52.4	N/A
94	Republic Pictures	36.1	69.4	52.0	(93)	84.9	2.0	30.1	N/A
95	Mark IV	35.4	6.2	569.7	(47)	54.6	20.7	47.4	N/A
96	Clear Channel	35.1	100.0	35.1	(99)	8.1	2.4	13.5	N/A
97	Unitel Video	34.9	100.0	34.9	(100)	12.4	1.4	32.0	N/A
98	Oak Industries	34.6	17.5	197.8	(71)	8.6	12.9	56.4	86
99	Pico Products	32.5	100.0	32.5	(101)	-5.6	-2.7	999.6	N/A
100	Playboy	28.8	18.0	159.9	(76)	-1.2	2.6	76.2	N/A

Rogers Communications figures are to August. Selkirk figures are for eight months to August.

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Fifth Estate fortunes: The top 100 top $38 billion

According to exclusive ECI index, top companies in communications and related businesses improved their revenue performance, with total revenues at $214 billion

BROADCASTING's 11th annual survey of the Fifth Estate's Top 100 publicly traded companies shows total revenues from electronic communications-related operations at $38.5 billion, with combined total corporate revenues of $214.8 billion. Both revenue figures are up significantly from 1987. Total revenues for the Top 100 companies rose 14.23%, or $26.8 billion, over the $188 billion posted in 1987. Communications revenues, which are reflected in BROADCASTING's Electronic Communications Index (ECI), are up $6.6 billion, or 20.6%, from 1987 ECI revenues of $31.9 billion.

This year's chart, which appears on pages 54 and 55, differs from past tabulations, with the main ranking for all companies this year based on their ECI revenues rather than total reported revenues. The primary example of this difference is General Electric, NBC's parent. GE's total revenues of $50 billion far outstrip the next major company's total revenues, Eastman Kodak, at $17 billion. But when ECI revenues are compared and ranked, Capital Cities/ABC emerges as the top ECI company with $3.7 billion from Fifth Estate business out of total revenues of $4.8 billion.

The two-page chart lists each company's ECI ranking, revenue and percentage of total revenue. The fourth column of the chart lists that company's total revenue, followed next by its ranking based on total revenue. Percentage changes for total revenues and earnings over 1987 figures are also listed.

For purposes of comparison, the far right-hand column of the chart shows each company's ECI ranking as of 1984.

BROADCASTING published its first survey of the Top 100 companies in electronic communications in 1978. Since that inaugural edition, the Top 100 list has served as a partial guide to the entrances and exits of major, publicly traded companies in the Fifth Estate.

RCA, Transamerica, 20th Century-Fox Film Corp., Columbia Pictures Industries, Metromedia, Capital Cities Communications, MGM, A.C. Nielsen Co. and Combined Communications are just some of the top companies that have taken on new shapes, either as subsidiaries, or corporate parents.

Candidates for the Top 100 are publicly traded companies with business interests in the entire range of the radio, TV, cable, satellite and allied businesses. As reported in BROADCASTING's weekly "Stock Index" (page 67), and as part of the basis for this report, members of the Fifth Estate are identified as those falling into five distinct groups: broadcasting, broadcasting with other major interests, programing, cable, service and electronics/manufacturing.

BROADCASTING's ECI calculations are based primarily on line of business information provided by the company. In cases where a company does not make that breakout, a company's ECI is based on estimates by securities analysts or BROADCASTING's own estimates.

To evaluate each Top 100 candidate on an equal footing, revenue figures are used that most closely approximate a company's fiscal results for calendar year 1988.

As might be expected, the group with the highest percentage of ECI revenues are the broadcasters, reporting an overall 86.3% of revenues coming from Fifth Estate business. Cable comes in a close second, with 70.9% of that group's revenues contributing to their ECI. Programers take in an average 31.5% of revenues from radio, TV or cable businesses. (Other revenue streams for programers—which are not factored in as part of the ECI—are the home video market and traditional theatrical exhibition.) The service industry, which includes advertising agencies and the Arbitron and Nielsen ratings services, garner 21.2% of revenues directly from ECI-related business.

Next follow the companies with major interests outside of broadcasting, most notably publishers, such as the New York Times Co. or McGraw-Hill, but also including companies with interests in other unrelated areas, such as insurance, as with BMA Corp. Holding companies, such as Reliance Group, are included in this group. Collectively, this group takes in 16.2% of its revenues from the Fifth Estate.

Finally, the group with the smallest percentage of ECI revenues, electronics and manufacturing, has an overall ECI of 6.8%. This includes companies such as 3M, Arvin Industries and Kodak. □

The price of admission to the Top 100

Listed below are the total revenues for the 100th company on each of BROADCASTING's 11 annual surveys. No survey was done for 1978 revenues. Dollar amounts below are in millions.

1977	Cowles Commun.	$11.7
1979	Kansas State Net.	19.6
1980	Comcast Corp.	24.8
1981	Comcast Corp.	35.9
1982	Cable TV Indus.	32.3
1983	Cable TV Indus.	29.3
1984	Gray Commun.	40.4
1985	Century Commun.	55.2
1986	Barris Industries	60.2
1987	A.M.E. Inc.	39.8
1988	Unitel Video	34.9

Applying a little hindsight

That part of the human character which likes to judge is very active in media deals. No sooner have certain transactions been completed than a chorus of opinions—"underpaid" or "overpaid"—fills the telephone lines and printed pages. This story reexamines three such deals: Ted Turner's purchase of the MGM film library, Robert Price's spinoff of seven radio stations to Fairmont Communications, and Rupert Murdoch's purchase of six television stations from Metromedia. The three controversial transactions are reconsidered in light of the properties' subsequent operating performance, the change in the financial structure, and other criteria.

Perhaps the major cause of controversy is the personalities of the heads of the respective companies. Turner, Price and Murdoch all give highly individual stamps to their company's operations, and each is seen as possessing a unique vision of how their company should operate. Critics say their vision is blinded by empire building or other faults. Put more favorably, it might be said that these transactions had a unique value not shared by other companies.

The control of these companies by their respective chief executives also allowed them to take losses or risks that a company with more diverse ownership would not consider. Thus Turner, Price and Murdoch can take the long view. Whether that long view is the right view is a question already at least partially answered for all three deals.

Turner-MGM

It is tempting to link Turner's March 1986 purchase of the MGM film library, the most significant transaction in the company's recent history, with the Turner Broadcasting System's favorable appraisal by investors. TBS stock has, in the past 12 months, risen from around $10 to $35, while one issue of debt has more recently moved to within less than 1½% of comparable Treasury yields. But how much has the library contributed to TBS and at what point will it actually pay for itself?

The rationales offered at the time for buying the 4,000-film library were many, and until financing problems cropped up, included a desire by Turner to keep the studio and get into the movie-making business. Another chief item on Turner's agenda was WTBS(TV) Atlanta, and the acquisition was seen as a way to both fix the cost and long-term supply of programing for the superstation whose existence was threatened by the then-unknown outcome of syndicated exclusivity reimposition. Other less tangible goals were talked about, including the desire to avoid being "shut out" by the mergers taking place—the desire to buy the "Rembrandts" of the programing business. Said Turner: "I had a distribution system that wants old movies and I like old movies."

The net cost to TBS was perhaps roughly $1.3 billion bearing an effective-interest and required-dividend rate in excess of 14%. The stock transaction involved assumption of debt and tax-loss carryforwards, and the subsequent spinning off of a number of divisions and assets.

It was because of luck, strategy or both that Turner has been able to refinance some of the debt at lower rates, although incremental revenue from the MGM library may still not cover interest and required dividends. None of this begins to deal with principal repayment, which may require another refinancing before 1993, although that may be more of an opportunity—to lower interest costs and extend debt maturities—than a problem given the continued growth of TBS.

One incalculable factor in the deal is the 30% ownership in TBS that Ted Turner effectively gave up when new investors were brought in to retire troublesome preferred stock. If one looks at the private market value of the company, estimated by securities analysts at between $2.5 billion and $3 billion, then *Gone With the Wind* and company satisfied Ted Turner's taste for old movies at a personal cost of roughly $1 billion. However, if you are considering the actual value of Turner's remaining securities, his total holdings in TBS stock have actually increased over the past 12 months.

Ted Turner

It is not necessarily clear that TBS's private market value would be significantly less had the MGM library not been purchased. Using recent valuation estimates from Donaldson, Lufkin & Jenrette (DLJ), and excluding both the MGM-related debt and all revenue from syndication licensing and Turner Network Television, TBS appears to have a net value of roughly $2.5 billion, roughly the same as the current value applied to it by DLJ. Whether the stock market would have recognized that value is an unanswerable question.

Solely as an insurance policy for WTBS, the MGM policy in retrospect was clearly expensive. Most of WTBS's recent success has less to do with programing and more to do with increasing cable penetration, up at least 33% in the past three years—the performance of CNN has been even better and Turner at one point considered selling a piece of the news service to help finance MGM. And fears of syndicated exclusivity have not been borne out, since WTBS has been able to acquire national programing rights. One admirer of the MGM deal, Jeff Epstein, chief financial officer of King World Productions, said that TBS's programing costs are now at least partly fixed. However, they are a high fixed cost; the old movies and children's shows that make up most of MGM have not been the kind of programing on the leading edge of price increases.

But it may not have been the MGM acquisition's immediate success but rather its immediate failure, which may help ultimately salvage the deal. Turner turned his above-mentioned problem with preferred stock—that would have slowly reduced his control over the company—into an advantage, obtaining significant equity investment in TBS from cable operators. Having gotten them inside the tent, he can count on their help to make sure it stays up.

Only shortly after the MSO's $568 million investment in TBS, TNT was announced. At least 75% of the new cable service's programing is said to come from the MGM library (now called Turner Entertainment Co.) but that is not necessarily the same as saying that TNT could not have been created without the library. A much greater help has been the willingness of the TBS investors (cable operators) to jump-start the basic service with immediate carriage and high per-subscriber fees, which this year are expected to account for two-thirds of revenue.

So with the expected success of TNT, combined with greater revenue near-term from foreign licensing and longer-term from increased use of the library by WTBS, Turner's MGM acquisition may at some point in the future be a success.

Price-Fairmont

"In Osborn I trust," might read the $50 million in notes which Price Communications took upon spinning off seven radio stations for $120 million to Fairmont Communications, a group managed by Osborn Communications. Many were skeptical in September

1987, because the notes represented most of the profit Price was claiming in the $120 million deal. That skepticism became entrenched when one of the original buyers backed out of the deal and their bank financing fell through.

The deal for the three AM and four FM stations was completed

Robert Price

only when the financing was offered by Prudential Bache's merchant banking arm, headed by John Whitman, a Price director, and when the investor's role was taken up by Osborn, whose chief executive officer was a former vice president of Price. To some it appeared the sale was being forced through by Robert Price, a former investment banker and head of a highly leveraged group owner.

The stations involved were KIOI-FM San Francisco, bought in 1983 for $12 million; WNIC-FM and WMTG(AM) Detroit, bought in 1985 for $17.6 million; WLAC-AM-FM Nashville, bought in 1985 for $20 million, and KKOB-AM-FM Albuquerque, N.M., bought in 1986 for $16.5 million. Those prices included non-compete agreements that were quickly written off, so by the time the stations were sold to Fairmont they had a carrying value of just over $50 million which, subtracted from the $70 million cash Price received from Fairmont, provided a gain of roughly $19 million. The gain was actually on just 73% of the group since Price was allowed to buy 27% of Fairmont for a nominal amount.

On paper the notes yield 12½% for the first three years, with varying portions drawing 18% in the following three years. Interest, however, is not being paid in cash, at least for the time being, so Price instead gets additional notes. If the notes are not paid off by 1992 Price will get additional equity as well so that theoretically, by the end of year seven, the par value of the notes could have increased to $137 million and Price would also own roughly 37% of the stock, with control of the board as well.

While providing incentive for payment in the long term, the notes are both subordinate to any current and future senior debt and highly dependent on operating results. Thus, accounting rules do not permit Price to record any of the note proceeds or interest as gain, nor do they allow him to carry the notes on his balance sheet as an asset. The risk is mostly Price Communication's since only $2 million in equity was put into Fairmont, and the first layer of debt—a bank loan that recently refinanced Prudential Bache's bridge loan—is secured by the capital stock of the stations. Given the level of risk, one observer said the notes really have a present value of closer to $35 million rather than $50 million.

Final judgment on Price's Fairmont sale won't occur until the notes, and accrued interest, are paid off, but so far things look good. Price said he took the $70 million cash "and retired debt and saved more interest than the cash flow we were losing."

More important, the group, managed by Osborn Communications, is performing well since the sale with 1988 cash flow up more than 30% (to what one investor said was $13.5 million) over the prior year, and with ratings, off of which future sales will be made, up for most stations in the winter 1988-89 Arbitron and Birch books. Tom Gammon, chairman of Americom, the Washington-based brokerage firm, said: "I would estimate all four operations will show significant cash flow growth in 1989 over 1988 with the possible exception of Albuquerque which will only have moderate growth." Prospects for the stations imply a current value for Fairmont of about $150 million, said Gammon, enough to cover principal and interest on all debt while leaving perhaps $20 million to be split among the equity investors, of which Price would get 27%. Price himself said only that several offers for Fairmont have vindicated his trust in the deal.

But Price Communication's exposure to a change in Fairmont's fortunes still exists and, in fact, the group recently purchased another AM-FM combination in Portland, Ore., for $8 million. Price said he approved of the purchase and is counting on the note covenants to take care of the company's interests. That is an uncertainty that makes some nervous but which Bob Price has already shown he can live with.

Murdoch-Metromedia

In the same month that Turner acquired MGM, Rupert Murdoch completed acquiring six of Metromedia's TV stations for more than $1.5 billion. No one doubted that the seller, John Kluge, had made a sizable profit in a short period of time; what was less certain was whether soon-to-be-citizen Murdoch had made a good buy.

Like Turner, Murdoch leaned on the performance of the overall company to refinance the highly leveraged transaction shortly thereafter at lower rates. The $1.1 billion in 13% Fox TV preferred notes was replaced with bank financing, interest on which at the time was just over 7%. Also like MGM, the newly acquired property was used to build a new entity, in this case the Fox network, which was started just half a year later, in October 1986.

While the re-financing has reduced the direct burden on the properties, analysts say the performance of the network affiliates has yet to fulfill the promise held. Fox chooses to keep station results hidden, and outside reports sometimes show surprising variation—one just-released study by a well-regarded analyst lists net group revenue at $390 million, while another newspaper report said company officials pegged ad sales at "more than $500 million." Such a difference makes it hard to analyze the group, even presuming agency commissions within the latter figure.

What virtually everyone does agree on is that cash flow over the last three years has not grown as much as Fox had hoped, considering the expected benefit of the Fox network. After underperforming projected growth in both fiscal 1986 and 1987, station cash flow declined for the year ending June 30, 1988, the second year of the network. News Corp. said, "Fox stations achieved higher revenue but lower operating earnings than in the previous year, in an intensely competitive industry environment. The stations have put in place more aggressive sales and programing efforts, and are working for greater efficiencies through the development of more cost-effective original programing."

It may be the program development of the stations, and not of

John Kluge and Rupert Murdoch

the network, which has recently worked for the greatest benefit of the group. *A Current Affair* is said to bring in $15 million in profits for the group, and thus would account for a significant part of the cash flow increase that Jeffrey Russell of Drexel Burnham said will be reported for fiscal 1989.

If analysts' reports are correct, Fox TV Stations will have something close to $110 million in cash flow, excluding group overhead, in the recent 12 months. Cash flow improvements compared to two years ago at WNYW-TV New York and WTTG(TV) Washington, have been countered by weakened results at WFLD-TV Chicago, KRIV-TV Houston and KTTV(TV) Los Angeles. Both WFXT-TV Boston and KDAF-TV Dallas are said to lose money.

Meanwhile, blended interest rates on the bank loans, some of which have fixed rates, others having "caps" or "collars," have risen to perhaps between 10% and 11%, thus indicating a shortfall on interest coverage in the third year of the transaction. The after-tax impact may not be as severe.

If one includes results of the Fox network there is an additional $30 million that might be produced in the coming fiscal year, assuming the newly introduced Monday night programing is successful, after a break-even in fiscal 1988 and a reported $100 million loss in fiscal 1987. One analyst cautioned, however, that "development costs for other nights could push any real return further out into the future."

Thus, like Turner Broadcasting System, the size of News Corp. allows it to wait out the TV stations' near-term shortfalls which analysts said exist. Fox and Turner both face programing and advertising imperatives, but the latter company also has the intrinsic logic of fixed program costs and a growing subscriber base. If Murdoch ever decided to sell the group it is uncertain what he would be able to get since station multiples in general have fallen since he bought them. □

Sandler Associates: taking stock in the Fifth Estate

Investment firm has track record of choosing media winners; now it's looking at private firms

Deal" stocks of the past, such as Essex Communications and Heritage Communications, and those of the present, such as Outlet Communications and LIN Broadcasting, have at least one thing in common: a significant ownership position taken by Sandler Associates. The most successful of the media-only investment operations, the New York-based firm now controls more than $600 million of public equities. While its investments rarely make headlines, its track record has made a lot of money for clients, among them many of the owners and chief executive officers of the Fifth Estate. With ownership positions in every publicly held cable stock, and various other public media concerns, Sandler is looking to buy on the private market and is on the verge of raising a fund to do so.

"When I pitch a client, my story is that we're not a money manager," said Harvey Sandler, general partner of Sandler Associates. "We're making long-term bets on several businesses within a small number of industries that we're experts in."

So far, the bets have paid off. Sandler Associates, an investment partnership investing in stocks of media and communications companies, has an impressive record. Since February 1980, the fund has achieved a compound annual return to limited partners of 33% through Dec. 31, compared to a 15.4% return from the Standard & Poors 500. An investor who put in $100,000 to start and kept money in the partnership—as most of the 14 original limited partners have—would end up, about nine years later, with $1.3 million. After starting out with $4 million capital, the managed fund has grown to more than $300 million—with only $50 million of that representing new investors. The partnership's holdings have grown more than 34% so far this year.

Meanwhile, the organization that Sandler founded has spawned new forms: Sandler Capital Management, a registered investment adviser overseeing about $275 million in assets, and SCM Partners, another investment limited partnership with about $30 million in assets.

Over the years, Sandler's concentration on media has led to major holdings in many Fifth Estate companies, big and small, including those that have triggered 13-D disclosure filings. Currently, the company owns more than 5% of a single class of stock in Cablevision Systems Corp., Adelphia Communications Corp., Multimedia, Outlet Communications, Jones Intercable, Century Communications Corp. and broadcaster Gray Communications Systems, among others.

"We're probably the largest shareholder of a dozen companies," said John Kornreich, the Sandler Associates general partner who serves as a one-person research department. "Because our money under managment has grown, and because we specialize, we're going to tend to have very large positions."

Sandler's holdings have breadth, as well as depth: "We own every cable stock," said general partner Barry Lewis, who works as the group's stock trader.

The Sandler organization's holdings are focused in three areas: cable, cellular telephone and media companies believed to be candidates for sale or restructuring. Sandler estimated that cable stocks make up roughly 50% of the stocks under management, with cellular accounting for 25% and the balance comprising companies viewed as takeover candidates.

Before Harvey Sandler started Sandler Associates, he was at Goldman Sachs for 14 years as a media and special situations analyst. After doing corporate finance work with the firm's merg-

Sandler Associates—Investment performance

Annual net return to limited partners		Capital, in millions, at year's end	
1980	+42.7%	**1980**	$6.1
1981	-13.9	**1981**	7.9
1982	+25.0	**1982**	9.4
1983	+67.0	**1983**	18.3
1984	+8.8	**1984**	25.9
1985	+55.6	**1985**	51.3
1986	+51.3	**1986**	97.8
1987	+44.3	**1987**	190.1
1988	+36.8	**1988**	238.4

Note: Fiscal years 1980-86 end Sept. 30. FY's 1987 and 1988 end Dec. 31. 1987 figures cover 15 months, 1980 figures cover eight months.

ers and acquisition department in the late 1970's, Sandler says he got "turned on" to M&A work—"looking at values, looking at the buyers and sellers of properties"—and progressively disenchanted with being an analyst: "I loved doing the research, but I did not love what you had to do afterwards, which was write a report or call clients. I like to pick stocks." For six years, Sandler managed money on his own.

Barry Lewis joined Sandler in the beginning of 1986, after working for 20 years at Katz Communications. Although the organization maintains its positions for the long haul, Lewis trades smaller portions of its holdings as he sees fit, such as selling some of a company's stock when "the market gets a little ahead of itself," as he puts it. Lewis, who worked 20 years in various positions at Katz Communications, also works the phone as a broker. In the past two years, he has put together about 14 broadcasting deals. John Kornreich, who joined the organization last summer, worked at the firm of Neuberger & Berman for 14 years, serving variously as an investment analyst, a portfolio manager and general partner.

Sandler is attempting to branch out beyond his successful work in public-market investment into a formalized private-market dealmaking structure under the Sandler banner. In that attempt the firm has brought on Mike Marocco, a former Morgan Stanley vice president, who has joined Sandler as president of Sandler Media Group, which will try to raise between $75 million and $100 million for a limited partnership that would invest in private media deals. Marocco will also be working as an investment banker.

While the partners invest, for the most part, in the public market, their long-term investment strategy is based upon their understanding of valuations in the private market. "The only commonality we have is that we know what things are worth," said Sandler. "The only thing that we do better than anybody else is know the value of businesses. And why? Because we grew up in them, we live them. Whenever there's a deal, we want to know exactly what the price is, and why."

"Right after the crash of 1987, we were not concerned about the prices of the stocks," said Lewis, referring to Sandler's cable holdings. "What we were very concerned about was: Did the value of these systems change? We were very concerned about: Was the money available to do deals? Because if there weren't going to be any deals, then obviously the prices of these systems were going to go down. And if the prices of systems go down, then the prices of the stocks are going to go down," he said. Until people started talking about doing deals again after the crash, "it was very, very scary," he said.

What helps the partners in their valuation, said Kornreich, is the network of people they know in the industries they cover. "We have unusually good contacts with everybody in the business," he said. "And because we manage their money and because we're respected for what we do, we hear everything going on in the business. We're very well plugged in to all the goings-on...And my job is to make sure I stay on top of that kind of thing."

For several years, the group has largely stayed out of broadcasting and other advertising-supported media, including newspapers. Some of the reasons Sandler points to are fragmentation in the market and consolidation among consumer goods manufacturers. He noted, however, "We do own things in that area, but I would say we don't own them for the reason that they're in the broadcast business." LIN Broadcasting, which has operatings in broadcasting and cellular phones, is one of Sandler's largest holdings, but, he said, "We don't own them for broadcasting." (LIN announced that it plans to spin off its group of seven television stations ["In Brief," May 29].)

What might make them more bullish on broadcasting stocks, Lewis said, is runaway inflation. A recession would point them towards purchases of radio stocks, because of radio's traditionally good performance in hard times, Lewis said.

Sandler said he thinks broadcasting could be a good investment in the private market. "I think that *some* of the people who bought the Knight-Ridder stations will do well. I think there are opportunities. But not necessarily in the stock market. I think you've got to own them, get the cash flow up and sell them. And finance them right. I'd rather do a private television deal than buy public stock."

The group's bullishness on cable is not affected by one of the potential threats to the security of the industry: "We've determined that the telco threat is not something we're going to worry about," Sandler said.

In fact, one of Sandler Associates' largest holdings is about 2.8 million shares of A and B stock of Tele-Communications Inc. which Sandler started buying in 1980.

Multimedia stock is another of the group's three largest holdings. Two weeks ago, the group filed an amended 13-D on Multi-

Critiquing the holdings

Harvey Sandler's comments on some of the larger holdings in the Sandler organization's portfolio:

■ **Adelphia Communications Corp.**: Adelphia we view as a participant with management in a public leveraged buyout. The company is very highly leveraged. It's got a billion dollars in debt. We now own a very, very big stake.

■ **Cablevision Systems Corp.**: Best cable demographics in the business. Fits our profile of where we want to be, which is cable systems and cable programing. There are really only two or three ways you can play programing.

■ **Century Communications Corp.**: We're basically betting on [president] Leonard Tow and his ability to grow asset values. We obviously like his move into the cellular business. We were there early—in the IPO [initial public offering]—and maybe he listened to us, I don't know, but now he's a player in cellular.

■ **LIN Broadcasting Corp.**: It's a stock I personally have owned for 20 smart years. It's a company we originally invested in because of the financial astuteness of [President] Don Pels, but later it became a cellular player—the premier cellular player in the business.

■ **Multimedia**: Multimedia was a Goldman Sachs client. Went public in 1970. I was the analyst at Goldman, so I know the company for 20 years. I'm very, very close to management. We love their mix of business. We love the management and their operating style. We keep thinking that this is the Harvard Business School textbook study of how companies should operate, particularly in the media business, because you really have to run your business for cash flow, and not worry about earnings per share. They've done an incredible job of really maximizing asset values, and not net income—earnings per share—which we don't look at at all.

■ **Outlet Communications**: Even though we are not fans of the television business per se, if you wanted to be in it, they probably have the best of all worlds. They have state capitals, growth markets, NBC affiliates, wonderful ratings with an up trend on the news and early fringe. And of course, the shareholder base, who owns the company, [and] what may happen made us continue to buy the stock.

■ **TCA Cable TV**: A wonderful little regional cable operator that watches the nickels and dimes. It's got real good margins.

■ **Viacom:** I've always loved the mix of assets. I go back 18, 20 years with that company. And today we're making a bet on a wonderful, wonderful management team, a terrific mix of business [and] wonderful synergy between businesses for the first time. What everybody worries about, which is Showtime and television, is not all that important, on a relative basis.

media disclosing a 12% ownership interest (up from 10.7% in March) at a public-market value of more than $120 million. The third is the more than 500,000 shares of LIN, bought at an average cost, Lewis estimated, of $25 per share and trading last week at more than $100.

The partners have gotten more interested in cable programing, although they admit there are few ways to play it in the market. Last fall, said Lewis, they began to buy Viacom aggressively. "We got very turned on to the profit potentials of cable programing networks," he said.

One mistake the group made, said Lewis, was with one cable programing stock, Turner Broadcasting System. "We never really took a major position in Turner," Lewis said. "Turner stock has been one of the great success stories over the past year. The stock's almost doubled this year alone. And we were not there. We missed that one."

One example of Sandler Associates' pick as a restructuring candidate is Gray Communications Systems, a company that operates three television stations and a newspaper. "There's an example of what we thought was...a company that shouldn't be around," Sandler said. "The company is in the middle of doing something. We think we helped that along in our own way." One asks oneself, Sandler said, "What's a company with 500,000 shares outstanding, with four properties, doing being public?"

Thus one sees how the group's ownership of a company is not necessarily a passive one. Sandler admitted that he was one of the people who lobbied LIN to spin off its broadcast operations. Multimedia is another company that the partners have not been shy about giving advice to. "They owned an independent station in Nashville that we never thought they should own," Sandler said. "So we kept bugging them: they should get out of it and put their money in cable, which is something we would have liked them to have done. They chose just to pay off debt, but we found them a buyer. And we did this transaction," he said, pointing to the tombstone advertisement crediting Sandler Capital Management. "That's sort of how it works in a perfect world," he said.

Sandler sees his forthcoming venture for working in the private media market, Sandler Media Group Inc., as an extension of work that he, Lewis and Kornreich have already done. Lewis has brokered media properties before. All three have invested their own money in various private-market media ventures before. And Sandler is quick to relate his investment in the stock market to the investments of firms like Kohlberg Kravis Roberts. "We're doing the same thing that these guys who are taking over companies are doing," Sandler said. "We happen to be buying pieces of them, and we're buying them at wholesale. They're buying them at retail and leveraging them up. That's the difference." Sandler said that he and his associates would be investing their money along with client money in the new venture, and that the investments could include passive investments.

Commenting on how well he has done up to now, Sandler separated his organization's success from the successes of the media business: "Some people say: 'Gee, it's the industry.' Well, sure, the industry is good, but it doesn't compare to our numbers," he said. "And I think that's a function of being in the right place at the right time—a little bit of leverage, having the right kinds of ideas." □

By George Mannes, Geoff Foisie and Anthony Sanders

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At the Movies: syndicated film packages keep pace

Despite competition from VCR's and cable, demand remains strong for packages currently on market

Despite increased cable penetration and the explosion in recent years of VCR usage, the syndication marketplace for movie packages continues to be strong. Although prices paid for top packages appear to be leveling off, movie packages currently in the market are generating strong interest from stations.

Paramount's Portfolio XIII, launched just three weeks ago, has already cleared 16 of the top 25 markets, including New York (WPIX[TV]), Los Angeles (KCOP[TV]), Chicago (WLS-TV), Philadelphia (WPVI[TV]), and San Francisco (KBHK-TV). Among the titles included in the package are "Top Gun," "The Untouchables," "Fatal Attraction," "The Golden Child," and "Crocodile Dundee."

In Los Angeles, where movie packages traditionally command the highest prices, sources said KCOP paid approximately $400,000 a title for the 27-title package. That price tag market represents a slight decline from the $425,000 price reportedly commanded by its predecessor, Portfolio XII. (Paramount reportedly had been asking $500,000 per title for its latest collection.) In New York, sources put the price paid by WNYW-TV for the package at around $200,000 per title. In Chicago, WLS-TV is paying "around $135,000 per title," according to a station source.

One complaint heard in regard to that package is the availability dates for some of the titles. For instance, "The Untouchables" may not be available to the stations buying the package until 1997, depending on how quickly the movie completes its network run. "It's probably the biggest downside of the package," said Janeen Bjork, vice president, director of programing, Seltel. "After its theatrical run, multiple airings on cable, videocassette sales, then in 1997, 'The Untouchables' becomes available; by then who cares?" said Steve Bell, senior vice president and general manager, KTLA(TV) Los Angeles.

Steve Goldman, executive vice president, Paramount, said there are two reasons why the delay for some of the titles will not affect their ability to draw audiences in the syndicated run. First, he said, "many of the titles will become available before projected availability dates" because their network run will be completed sooner than the time allotted. Secondly, he said, "good movies replay again and again," citing the recent strong network performance of "Ferris Bueller's Day Off" and "Top Gun."

Bill Frank, president, KCOP, Los Angeles, said that although the availability dates for some of the titles is a concern, "all in all we thought it was worth it because titles like 'Top Gun' and 'Crocodile Dundee' will play again and again."

Portfolio XIII has some formidable competition in the marketplace from movie packages already being sold as well as from forthcoming packages. Columbia's Showcase I, launched in October, "has been selling very well," according to Barry Thurston, president, syndication, Columbia Pictures Television, adding, "The majority of the top 50 markets are cleared. Even with the new feature packages coming out, the market is still very strong for ours." The 22-film package includes "The Karate Kid II," "La Bamba," "Roxanne," and "St. Elmo's Fire."

Thurston expects that Showcase I will be sold to a greater number of stations than any previous Columbia movie package. Thurston said the company has set a goal of 120 clearances for the package.

Even with a number of packages available, Thurston doesn't believe that the market will soften. "There has always been room for a strong movie package to command top dollars, and I suspect that others with strong packages will do well also," he said.

Televenture's Pegasus movie package has been cleared in more than 90% of the country. The 20-film collection includes "Peggy Sue Got Married," "Blind Date," "Agnes of God," and "Nothing In Common." According to William Kunkel, president, domestic distribution, Televentures, the strength of their Pegasus I package will make the launch of Pegasus II much easier. Kunkel expects Pegasus II to be released before the fall. Titles tentatively in the package are "The Principal," "Like Father, Like Son," "Suspect," and the current release "See No Evil, Hear No Evil."

The next big package launched will be Warner's Volume XXVIII. Dick Robert-

Prime time providers

For the third year in a row, Lorimar Television is the leader in supplying prime time programing to the three TV networks. Lorimar has all of its 6.5 hours of programing from last season returning to the network schedule plus an additional two hours. The three new shows making up the additional two hours are *The People Next Door* and *The Hawaiian* on CBS and *Family Matters* on ABC. Columbia, ranked ninth last year with three hours of programing on the networks, jumps to second place this year, doubling its output to six hours of programing for the 1989-90 season.

Producer	*'89-'90*	*'88-'89*	*% change*
Lorimar Television	8.5	6.5	+2.0
Columbia	6.0	3.0	+3.0
Stephen J. Cannell	5.0	4.0	+1.0
Fox Television	4.5	2.5	+2.0
Universal	4.5	5.5	-1.0
Warner Brothers	4.5	3.5	+1.0
Paramount	3.5	4.5	-1.0
CBS News	3.0	3.0	—
MGM/UA	3.0	3.5	-0.5
Viacom	3.0	1.0	+2.0
Disney/Touchtone	2.5	2.0	+0.5
ABC News	2.0	1.0	+1.0
ABC Sports	2.0	2.0	—
Carsey-Werner	2.0	1.5	+0.5
CBS Entertainment	2.0	0.0	+2.0
New World	1.5	1.5	—
STF Productions	1.5	1.5	—
Cosgrove-Meurer Prod.	1.0	1.0	—
GTG Entertainment	1.0	2.0	-1.0
NBC Productions	1.0	0.0	+1.0
Alien Productions	0.5	0.5	—
Barbour/Langley Prod.	0.5	0.0	+0.5
Beyond Int'l Group	0.5	1.0	-0.5
Carson Productions	0.5	0.5	—
Castle Rock Ent.	0.5	0.0	+0.5
MTM	0.5	2.0	-1.5
Our Production Co.	0.5	0.5	—
Quantum Media	0.5	0.0	+0.5
Aaron Spelling Prod.	0.0	1.0	-1.0
ABC Circle Films	0.0	1.0	-1.0
Reeves Entertainment	0.0	1.0	-1.0
Republic Pictures	0.0	1.0	-1.0
Vestron	0.0	0.5	-0.5

Mizlou readies road show for Sports News Network

Service will be 24-hour sports news wheel with constant updates, interviews and highlights; company feels service will have marketing, cross-promotion benefits to operators

HBO and MTV may have made the biggest programing news on the NCTA exhibit floor, but Mizlou Communications was working behind the scenes providing operators with their plans for a CNN-type sports service, the 24-hour Sports News Network.

Mizlou now turns its attention to taking its show on the road to sign affiliates in time for SNN's fall debut. John Steinlauf, SNN executive vice president, who moved from ESPN in January to help develop the service, said operators were "extremely impressed" with the production value of Mizlou's demonstration tape. Steinlauf said they also liked the pacing, and in particular, the cross-promotion benefits of the service.

For instance, Steinlauf said, Mizlou will have maps of the entire nation and logos "where games are being seen in the local area." SNN, he said, will preview upcoming sporting events on regional sports services, national basic and pay services. Mizlou will have reporters at many of the major sports venues to preview an upcoming game each evening.

Operators envision sports fans tuning in to Mizlou to get a preview of the evening's activity, move to the regional sports service to watch a game of local interest, then move back to Mizlou after the game, or between periods, or innings, to get an update on what's going on elsewhere. SNN's basic formats will be features, scores and highlights updated regularly.

The cross-promotion, Steinlauf feels, "solidifies the bond between the sports fan and the cable system." It will also help Mizlou sell its programing to cable systems, which get a new service, and help in promoting the various national and regional sports networks they carry.

Mizlou sees an opportunity in that the sports news shows on other cable programing services are confined to set time periods. ESPN's wrapup show, *Sports Center*, is sometimes preempted, and may face more preemptions next year when 175 Major League Baseball games hit its schedule, Steinlauf believes.

Mizlou also believes SNN will be a hit with the fans. A study conducted by Malarkey-Taylor found that 83% of 500 randomly selected males expressed positive interest in SNN's programing. Mizlou is aiming to grab a portion of the 97 minutes each day the typical cable subscriber devotes to sports news.

Mizlou is entering the fray just as Financial News Network announced it was converting its weekend sports service, Score, to a largely sports new service. FNN business coverage would be carried on weekend mornings, with Score being shown in the other portion. Steinlauf said: "FNN is certainly doing an excellent job in the financial area." But he noted that it has shuffled its sports programing around on weekends. "Our feeling is that the service that does [sports] full time is the service that wins the franchise," he said.

Like other services, Mizlou faces the battle of channel capacity. SNN would appear to be perfect as a wraparound to regional sports services, but part-time carriage is not at the top of Mizlou's list. "We are a 24-hour service," said Steinlauf, and "we'd rather price ourselves as a 24-hour product." Many regional sports networks may move to pay or mini-pays over the next several years, he said, but Mizlou wants to remain on basic. Steinlauf said Mizlou's rate card will be under 10 cents.

One thing Mizlou said operators found appealing was the help SNN might give to lift penetration of pay regional sports services. By staying on basic, Steinlauf said, SNN can serve as a marketing vehicle for pay sports services. The penetrations of many full-pay regional sports services hovers around 10%, and Steinlauf believes SNN can help operators raise that.

At the moment, SNN will carry three minutes of local advertising. SNN has been testing the use of between seven and nine minutes for national avails with focus groups. "We're trying to reduce the clut-

Week 36: NBC 14.1, CBS 10.1, ABC 9.1; CBS wins news, 9.2/21

	Nielsen		Net		Show
1.	27.3/42		N		NBC Tuesday Movie
2.	21.6/35		N		NBC Monday Movie
3.	18.9/34		N		Cheers
4.	18.5/37		N		Cosby Show
5.	17.8/34		N		Different World
6.	16.5/34		N		Golden Girls
7.	16.3/28		N		Dear John
8.	16.2/33		N		Empty Nest
9.	16.1/34		N		Hunter
10.	15.7/29		N		L.A. Law
11.	15.6/31		C		CBS Sunday Movie
12.	15.2/26		N		Matlock
13.	14.5/24		A		Wonder Years
14.	14.3/25		A		Barbara Walters' 50th Anni.
15.	14.0/24		A		Who's the Boss?
16.	13.9/27		A		Growing Pains
17.	13.9/30		C		Murder, She Wrote
18.	13.9/26		N		ALF
19.	13.6/34		C		60 Minutes
20.	13.5/25		A		Head of the Class
21.	13.3/21		C		Designing Women
22.	13.3/21		C		Newhart
23.	13.3/23		N		Hogan Family
24.	12.7/21		C		Murphy Brown
25.	11.9/20		C		Kate and Allie
26.	11.8/24		A		Full House
27.	11.6/20		N		Unsolved Mysteries
28.	11.2/17		A		American City Awards
29.	11.2/22		A		Just the Ten of Us
30.	11.2/22		A		Mr. Belvedere
31.	11.0/24		N		Amen
32.	10.9/21		A		20/20
33.	10.7/24		A		Perfect Strangers
34.	10.5/20		C		Jake and the Fatman
35.	10.4/19		N		Bob Hope 86th Birthday
36.	10.4/21		N		NBC Sunday Movie
37.	10.3/19		C		Smothers Brothers Special
38.	10.2/18		C		Wiseguy
39.	9.9/18		A		MacGyver
40.	9.7/15		C		Miss Universe Pageant
41.	9.6/17		C		Equalizer
42.	9.4/22		N		227
43.	9.0/15		A		ABC Mystery Movie
44.	9.0/16		C		Heartland
45.	8.5/17		N		NBC Friday Movie
46.	8.2/14		C		Garfield Special
47.	8.2/13		C		This is America, C. Brown
48.	8.0/16		C		CBS Friday Movie
49.	8.0/16		C		Jesse Hawkes
50.	7.7/16		C		Beauty and the Beast
51.	7.7/14		C		Live-In
52.	7.7/16		F		Married...With Children
53.	7.6/15		C		48 Hours
54.	7.0/16		F		America's Most Wanted
55.	6.7/14		A		ABC Sunday Movie
56.	6.6/15		A		Mission: Impossible
57.	6.5/14		C		West 57th
58.	6.5/14		N		Family Ties Special
59.	6.4/15		C		Paradise
60.	6.2/13		A		North and South Book II, part 3
61.	6.1/11		A		ABC Family Classic
62.	5.5/12		N		Family Ties
63.	5.0/13		A		Incredible Sunday
64.	5.0/10		F		Cops
65.	4.6/12		F		21 Jump Street
66.	4.5/8		A		ABC News Special: Cold War
67.	4.5/11		N		Magical World of Disney
68.	4.3/9		F		Garry Shandling Show
69.	3.9/9		F		Reporters
70.	3.9/8		F		Tracey Ullman Show
71.	3.4/7		F		Beyond Tomorrow
72.	3.4/7		F		Duet

Syndication Scorecard *

(Week ending May 21)

	Rtg.	Show	Stns.	Covg.
1	13.3	Wheel of Fortune, syn.	229	99
2	11.8	Jeopardy	212	98
3	10.3	Star Trek	233	97
4	9.	Cosby Show	198	97
5	9.	Oprah Winfrey Show	217	99
6	8.2	Wheel of Fortune, wknd	209	93
7	6.9	This Weekend in Baseball	118	88
8	6.6	Current Affair	149	91
9	6.6	Entertainment Tonight	167	93
10	5.9	Good Kid-Bad Times	176	93
11	5.7	Donahue	227	99
12	5.5	Geraldo	202	99
13	5.5	People's Court	187	94
14	5.2	Star Search	151	96
15	5.2	War of the Worlds	221	97

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